

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

James S. Paolino, in his personal capacity

2005 OCT 27 P 4:19
MUR 5453

GENERAL COUNSEL'S REPORT # 15

SENSITIVE**I. ACTIONS RECOMMENDED:**

Accept the attached conciliation agreement with former treasurer James S. Paolino, in his personal capacity ("Respondent"); approve the appropriate letters; and close the file as to this Respondent.

II. BACKGROUND

On May 18, 2004, the Commission found reason to believe that former treasurer James S. Paolino violated 2 U.S.C. §§ 441b(a) and 441a(f) in his personal capacity, and authorized an investigation into the matter.¹ The Commission's findings were based upon information contained in a Reports Analysis Division referral, which showed, *inter alia*, that Respondent received, on behalf of the Giordano for U.S. Senate Committee ("the Committee"), an apparent prohibited bank loan and an apparent excessive intra-family contribution in connection with a certificate of deposit pledged as collateral for the loan. See First General Counsel's Report dated May 3, 2004, at pp. 12-14. The information also revealed that Respondent failed to take the appropriate steps to remedy the apparent prohibited bank loan and apparent excessive intra-family contribution in accordance with 11 C.F.R. § 103.3(b). See *id.*

¹ All of the facts in this matter occurred prior to the effective date of the Bipartisan Campaign Reform Act of 2002 ("BCRA"), Pub. L. 107-155, 116 Stat. 81 (2002). Accordingly, unless specifically noted to the contrary, all citations to the Federal Election Campaign Act of 1971, as amended ("the Act"), herein are as it read prior to the effective date of BCRA and all citations to the Commission's regulations herein are to the 2002 edition of Title 11, Code of Federal Regulations, which was published prior to the Commission's promulgation of any regulations under BCRA.

The ensuing investigation revealed, *inter alia*, that the Respondent underreported the Committee's total receipts by \$21,425 on disclosure reports prepared by him as treasurer of the Committee. See General Counsel's Report # 11 dated August 23, 2005, at pp. 6-8.

Following the investigation, on August 29, 2005, the Commission determined to take no further action with respect to Respondent in connection with 2 U.S.C. § 441b(a). The Commission also authorized conciliation with Respondent prior to a finding of probable cause to believe in connection with 2 U.S.C. §§ 441a(f), 434(a)(1) and (b)(2)

III. DISCUSSION

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IV. RECOMMENDATIONS

1. Accept the attached conciliation agreement with former treasurer James S. Paolino, in his personal capacity.
2. Approve the appropriate letters.
3. Close the file as to this Respondent.

Lawrence H. Norton
General Counsel

Date

10/27/05

BY:

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Attachment

1-- Conciliation Agreement

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